

SC1405. APPENDIX 2 OF SUBCHAPTER 1405

CRAFTS AND TRADES (CT) EMPLOYEES PAY ADMINISTRATION

- References: (a) OPM Operating Manual, "Federal Wage System, Nonappropriated Fund"
- (b) Sections 201-219 of title 29, United States Code, "Labor"
- (c) Title 5, Code of Federal Regulations, Part 551, "Pay Administration Under Fair Labor Standards Act"
- (d) Sections 6123 and 6128 of title 5, United States Code, "Flexible and Compressed Work Schedules"

SC1405.AP2.1. GENERAL

This Appendix supplements and complements governing pay policies and procedures prescribed by the Office of Personnel Management (OPM) Operating Manual, "Federal Wage System, NAF," Subchapter S8, "NAF Pay Administration" (reference (a)). Section and paragraph titles within this Appendix are followed by parenthetical references to the applicable parts of reference (a).

SC1405.AP2.2. SECTIONS OF OPM OPERATING MANUAL, "FEDERAL WAGE SYSTEM, NAF," (SUBCHAPTER S8 CLARIFIED)

SC1405.AP2.2.1. General (S8-1)

SC1405.AP2.2.1.1. Introduction (S8-1.a.). For purposes of Subchapter S8 and this Appendix, the term "lead agency" means the Department of Defense. The Department of Defense's wage fixing authority is exercised by the Wage and Salary Division (WSD) of the Civilian Personnel Management Service (CPMS).

SC1405.AP2.2.1.2. Agency Responsibility (S8-1.b.). As used in this Appendix, the term "agency" includes the DoD Components. Unless authority is delegated to subordinate levels, Component headquarters are responsible for:

SC1405.AP2.2.1.2.1. Defining the period of seven consecutive calendar days that make up each employee's **administrative workweek**; and

SC1405.AP2.2.1.2.2. Determining each employee's **basic workweek**. (See definitions of these terms under section S8-2.)

SC1405.AP2.2.2. Definitions (S8-2)

SC1405.AP2.2.2.1. Scheduled Rate of Pay (S8-2.a.(2)). This is any rate corresponding to the appropriate grade and step on the NA, NL, or NS wage schedules issued by WSD, including a retained rate of pay and a rate on a temporary promotion when applicable.

SC1405.AP2.2.2.2. Employee (S8-2.a.(3))

SC1405.AP2.2.2.2.1. NAF Prevailing Rate Employee. This term refers to an employee of a DoD NAFI who is employed in a recognized craft or trade or other skilled mechanical craft, or in an unskilled, semiskilled, or skilled manual labor occupation, and any other individual, including a foreman and a supervisor, in a position having craft, trade, or laboring experience and knowledge as the paramount requirement.

SC1405.AP2.2.2.2.2. The term "nonwage," where used, refers to the NAF Payband Systems.

SC1405.AP2.2.2.3. Overtime Work (S8.2.a.(19)). In addition to the definition of overtime work in Subchapter S8, overtime work means any hours worked, whether scheduled, ordered, suffered or permitted, that exceed 40 hours of **actual work** performed in a week under the Fair Labor Standards Act. (See paragraph SC1405.AP2.2.4.2. of this Appendix, below, for further discussion.)

SC1405.AP2.2.2.4. Night Shift (S8-2.a.(23)). This term means regularly scheduled, non-overtime work when a majority of the whole hours of such work occurs between 3 p.m. and midnight (second shift) or between 11 p.m. and 8 a.m. (third shift).

SC1405.AP2.2.3. Application of Pay Rates to NAF Wage Employees (S8-3)

SC1405.AP2.2.3.1. New appointments (S8-3.b.)

SC1405.AP2.2.3.1.1. Appointments Above Minimum Rates in Recognition of Special Qualifications (S8-3.b.(1)). DoD NAFIs may exercise the authority contained in this paragraph.

SC1405.AP2.2.3.1.2. Appointments Above Minimum Rates for Jobs in Specific Hard-to-Fill Occupations (S8-3.b.(2)). The term "Federal wage schedule,"

is the NA, NL, and NS wage schedules. A particular finding that a local NAF activity cannot recruit at the minimum rate may be based on a study by the Department of Defense, a DoD Component, or any local installation that has NAF employees.

SC1405.AP2.2.3.2. Position or Appointment Change (S8-3.c.). DoD NAFIs may exercise the authority provided under this paragraph to set an employee's step rate based on his or her highest previous rate, but only in connection with those personnel actions identified within the paragraph. (See paragraph SC1404.AP2.2.3.3., below, for an illustration of the computation and application of the highest previous rate rule.)

SC1405.AP2.2.3.3. Computation of Highest Previous Rate (S8-3.e.(5)). The following is intended to illustrate subparagraph S8-3.e.(5). **Note:** Although the example below uses NA grades, the same principle also applies to NL and NS.)

SC1405.AP2.2.3.3.1. EXAMPLE. An employee in New York earning NA-8, step 1 was reemployed in Washington, DC, at the NA-7 grade level. Pertinent wage schedule rates are as follows:

Table SC1405. AP2.T1. HIGHEST PREVIOUS RATE COMPUTATION

| LOCATION | GRADE | STEP RATES | | | | |
|---|-------|------------|---------|---------|---------|---------|
| | | 1 | 2 | 3 | 4 | 5 |
| New York | NA-8 | \$11.17* | \$11.66 | \$12.13 | \$12.61 | \$13.07 |
| Washington, DC** | NA-8 | \$10.97 | \$11.42 | \$11.88 | \$12.34 | \$12.79 |
| Washington, DC** | NA-7 | \$10.28 | \$10.73 | \$11.14 | \$11.58 | \$12.01 |
| * Previously earned rate. | | | | | | |
| ** Current rates in the wage area where the employee is being employed. | | | | | | |

SC1405.AP2.2.3.3.2. Steps to be followed: Compare the NA-8, step 1 rate (\$10.97) in Washington, DC, with the employee's previous earned rate (\$11.17). In this instance, the previous earned rate is higher; therefore, this rate is the employee's highest previous rate. Thus, in this example, the employing DoD NAFI may pay this employee at any rate of grade NA-7 (the grade at which reemployed) that does not exceed the fourth step rate. (Since the employee's highest previous rate (\$11.17) falls between two steps of grade NA-7 (steps 3 and 4), the employee shall be paid at step 4.) In no case shall an employee be paid more than the top step of the grade in which reemployed, regardless of the employee's highest previous rate.

Note: A NAF employee is not entitled to receive his or her highest previous rate of pay upon reemployment. The designated official with delegated authority has the administrative discretion to fix the employee's rate at the minimum step rate of the grade, or at any step rate in between. However, a DoD Component may adopt a policy of always using the highest previous rate or placing an employee at the first step rate of the grade upon reemployment.

SC1405.AP2.2.4. Night Shift Differential and Premium Pay (S8-4)

SC1405.AP2.2.4.1. General (S8-4.a.). The term "premium pay," as used in this subsection, refers to additional compensation for overtime, holiday, and Sunday work, as well as for standby or on-call duty and callback overtime work.

Note: For purposes of all premium pay computations under S8-4, where there is a reference to payline rate or representative rate, the employee's actual grade and step are to be used.

SC1405.AP2.2.4.2. Overtime Pay (S8-4.b.). Entitlement to overtime pay is authorized as described in OPM Operating Manual, "Federal Wage System-NAF," section S8-4 (reference (a)) and amplified in this Appendix. However, consideration must also be given to the overtime provisions of the FLSA (reference (b)) as prescribed in 5 CFR 551 (reference (c)). (Employees covered by FLSA are referred to as nonexempt. Such employees are entitled to overtime pay per regulations provided by 5 CFR 551 (reference (c)).

Note: Subchapter S8 speaks only to the overtime provisions of 5 U.S.C. Therefore, the examples regarding overtime illustrate overtime pay entitlements solely under those provisions. The examples do not apply to any FLSA overtime entitlements.

SC1405.AP2.2.4.2.1. Work Exceeding 8 Hours in a Day (S8-4.b.).

The following examples are intended to illustrate the pay entitlements authorized by this subparagraph.

SC1405.AP2.2.4.2.1.1. EXAMPLE I. Four 10-hour days.

Employee works from 7 a.m. to 6 p.m. Tuesday through Friday. (**Note:** Where a Component has authorized the use of flextime or compressed time, the provisions of 5 U.S.C. (reference (d)) will apply.)

Table SC1405.AP2.T2. OVERTIME PAY COMPUTATION

| | Compensable Hours | | | | | | | Total |
|---|-------------------|---|----|----|----|----|---|-------|
| | S | M | T | W | T | F | S | |
| Scheduled hours | | | 10 | 10 | 10 | 10 | | 40 |
| Basic rate (scheduled rate plus environmental/night shift differentials, if applicable) | | | 8 | 8 | 8 | 8 | | 32 |
| Overtime rate (1.5 times the basic rate) | | | 2 | 2 | 2 | 2 | | 8 |

SC1405.AP2.2.4.2.1.2. EXAMPLE II. Four 9-hour days and one 4-hour day. Employee works from 7 a.m. to 5 p.m., Tuesday through Friday, and 7 a.m. to 11 a.m. on Saturday. Employee has a 1-hour meal period Tuesday through Friday, none on Saturday. Overtime pay is computed as follows:

Table SC1405.AP2.T3. OVERTIME PAY COMPUTATION

| | Compensable Hours | | | | | | | Total |
|--|-------------------|---|---|---|---|---|---|-------|
| | S | M | T | W | T | F | S | |
| Scheduled hours | | | 9 | 9 | 9 | 9 | 4 | 40 |
| Basic rate (scheduled rate plus environmental/night shift differentials, if applicable). | | | 8 | 8 | 8 | 8 | 4 | 36 |
| Overtime rate (1.5 times the basic rate) | | | 1 | 1 | 1 | 1 | | 4 |

SC1405.AP2.2.4.2.2. Computing Overtime Pay for Night Work
(S8-4.b.(6))

SC1405.AP2.2.4.2.2.1. The following examples are intended to illustrate the pay entitlements authorized by subparagraph S8-4.b.(6)(a).

SC1405.AP2.2.4.2.2.1.1. EXAMPLE I

SC1405.AP2.2.4.2.2.1.1.1. The following illustrates the computation of overtime pay for employees who regularly work a night shift for which the shift differential is payable, when the overtime period falls within the day shift.

SC1405.AP2.2.4.2.2.1.1.2. An employee's regular schedule requires that work be performed between 11 p.m. and 7:30 a.m., Monday through Friday. On Tuesday the employee performed overtime work from 7:30 a.m. until 11:30 a.m. Overtime pay is computed as follows:

Table SC1405.AP2.T4. OVERTIME PAY COMPUTATION WITH NIGHT SHIFT DIFFERENTIAL

| | Compensable Hours | | | | | | | Total |
|---|-------------------|---|---|---|---|---|---|-------|
| | S | M | T | W | T | F | S | |
| Basic rate (scheduled rate plus 10% shift differential) | | 8 | 8 | 8 | 8 | 8 | | 40 |
| Overtime rate - 1.5 times the basic rate (scheduled rate plus 10% shift differential) | | | 4 | | | | | 4 |

SC1405.AP2.2.4.2.2.1.2. EXAMPLE II

SC1405.AP2.2.4.2.2.1.2.1. The following illustrates the computation of overtime pay when an employee performs overtime work on a day not regularly scheduled as a workday for the employee or for the organization.

SC1405.AP2.2.4.2.2.1.2.2. The organization operates 24 hours a day, Monday through Friday. The employee's regular schedule is Monday through Friday, 3 p.m. to 11:30 p.m. The employee performed overtime work on Saturday, 8 a.m. to 12 noon. Overtime pay is computed as follows:

Table SC1405.AP2.T5. OVERTIME PAY COMPUTATION WITH NIGHT SHIFT DIFFERENTIAL

| | Compensable Hours | | | | | | | Total |
|---|-------------------|---|---|---|---|---|----|-------|
| | S | M | T | W | T | F | S* | |
| Basic rate (scheduled rate plus 7½ % shift differential) | | 8 | 8 | 8 | 8 | 8 | | 40 |
| Overtime rate – 1.5 times the basic rate (scheduled rate plus 7½% shift differential) | | | | | | | 4* | 4 |
| * Not a scheduled workday for the organization or the employee. | | | | | | | | |

SC1405.AP2.2.4.2.2.1.3. EXAMPLE III

SC1405.AP2.2.4.2.2.1.3.1. The following further illustrates the computation of overtime pay when an employee performs overtime work on a day not regularly scheduled as a workday for the employee or for the organization.

SC1405.AP2.2.4.2.2.1.3.2. The organization operates 24 hours a day, Monday through Friday. The employee's regular schedule is 3:30 p.m. to 12 midnight, Monday through Thursday, and 7:30 a.m. to 4 p.m. on Friday. The employee performed overtime work on Saturday, 9 a.m. to 1 p.m. Overtime pay is computed as follows:

Table SC1405.AP2.T6. OVERTIME PAY COMPUTATION WITH NIGHT SHIFT DIFFERENTIAL

| | Compensable Hours | | | | | | | Total |
|--|-------------------|---|---|---|---|---|----|-------|
| | S | M | T | W | T | F | S* | |
| Basic rate (schedule rate plus 7½% shift differential for Monday through Thursday only) | | 8 | 8 | 8 | 8 | 8 | | 40 |
| Overtime rate – 1.5 times the basic rate (scheduled rate only)** | | | | | | | 4* | 4 |
| * Not a scheduled workday for the organization or the employee. | | | | | | | | |
| ** No shift differential is added because the scheduled shift <u>prior to</u> the overtime was a day shift. This would be true even if the <u>overtime hours</u> were, for example, 4 p.m. to 8 p.m. | | | | | | | | |

SC1405.AP2.2.4.2.2.1.4. EXAMPLE IV

SC1405.AP2.2.4.2.2.1.4.1. The following illustrates the computation of overtime pay for an employee performing overtime work on a day other than a regularly scheduled workday for the employee, but one that is a regular workday for the organization.

SC1405.AP2.2.4.2.2.1.4.2. The organization operates **24 hours a day, 7 days a week**. An employee's regular schedule is Tuesday through Saturday, 8 a.m. to 4:30 p.m. The employee performed 4 hours of overtime work on Monday between 8 p.m. and 12 midnight. Overtime pay is computed as follows:

Table SC1405.AP2.T7. OVERTIME PAY COMPUTATION WITH NIGHT SHIFT DIFFERENTIAL

| | Compensable Hours | | | | | | | Total |
|---|-------------------|---|---|---|---|---|---|-------|
| | S | M | T | W | T | F | S | |
| Basic rate (scheduled rate only) | | | 8 | 8 | 8 | 8 | 8 | 40 |
| Overtime rate – 1.5 times the basic rate (scheduled rate plus 7½% shift differential) | | 4 | | | | | | 4 |

SC1405.AP2.2.4.2.2.2. The next two examples deal with overtime pay for employees with regularly rotating tours as authorized under subparagraph S8-4.b.(6)(b).

SC1405.AP2.2.4.2.2.2.1. EXAMPLE I

SC1405.AP2.2.4.2.2.1.1. The following illustrates the computation of overtime pay for an employee who has a regularly rotating tour of duty that includes two or more shifts, and who performs overtime work on a regularly scheduled workday.

SC1405.AP2.2.4.2.2.1.2. An employee's regular schedule rotates on a weekly basis among the three shifts: 7 a.m. and 3:30 p.m.; 3 p.m. and 11:30 p.m.; and 11 p.m. and 7:30 a.m., Monday through Friday. For this week the employee works the first shift from Monday through Wednesday; the second shift on Thursday and the third shift on Friday. The employee performed 2 hours of overtime work on Tuesday. Overtime pay is computed as follows:

Table SC1405.AP2.T8. OVERTIME PAY COMPUTATION WITH NIGHT SHIFT DIFFERENTIAL (REGULARLY ROTATING TOUR OF DUTY)

| | Compensable Hours | | | | | | | Total |
|---|-------------------|---|---|---|---|---|---|-------|
| | S | M | T | W | T | F | S | |
| Basic rate | | 8 | 8 | 8 | | | | 24 |
| Basic rate (scheduled rate plus 7½% shift differential) | | | | | 8 | | | 8 |
| Basic rate (scheduled rate plus 10% shift differential) | | | | | | 8 | | 8 |
| Overtime rate (1.5)* | | | 2 | | | | | 2 |
| * Shift differential does not apply on Tuesday. The scheduled rate is multiplied by 1.5 to determine the overtime rate. The overtime rate is then multiplied by the number of overtime hours. | | | | | | | | |

SC1405.AP2.2.4.2.2.1.3. **Note:** If overtime work is performed on a day during the following week, when the employee is working the second shift (3 p.m. to 11:30 p.m.), the computed overtime rate would be 1.5 the scheduled rate plus the 7½ percent shift differential.

SC1405.AP2.2.4.2.2.2.2. EXAMPLE II

SC1405.AP2.2.4.2.2.2.1. The following illustrates how to compute overtime pay for an employee who works two different shifts on a scheduled rotating basis and who performs overtime work on a day other than a regularly scheduled workday.

SC1405.AP2.2.4.2.2.2.2. An employee is regularly scheduled to work Monday, Tuesday, and Wednesday from 3 p.m. to 11:30 p.m. and Thursday and Friday from 11 p.m. to 7:30 a.m. The overtime work is performed on Saturday from 8 a.m. to 12 noon.

Table SC1405.AP2.T9. OVERTIME PAY COMPUTATION WITH NIGHT SHIFT DIFFERENTIAL (FOR TWO DIFFERENT SHIFTS ON A SCHEDULED ROTATING BASIS)

| | Compensable Hours | | | | | | | Total |
|--|-------------------|---|---|---|---|---|---|-------|
| | S | M | T | W | T | F | S | |
| Basic rate (scheduled rate plus 7½%percent shift differential) | | 8 | 8 | 8 | | | | 24 |
| Basic rate (scheduled rate plus 10% shift differential) | | | | | 8 | 8 | | 16 |
| Overtime rate (1.5) | | | | | | | 4 | 4 |

SC1405.AP2.2.4.2.2.2.3. Step 1: Compute the **average rate of basic pay** for the regularly scheduled shifts worked by the employee. The **average rate of basic pay** is determined by adding the total hours worked at each shift and multiplying that number by the employee's scheduled rate of pay plus any shift differential. The total would then be divided by the number of regularly scheduled hours in the employee's work week.

{ 24 hours x (scheduled rate of pay plus 7.5 percent shift differential) } +
 { 16 hours x (scheduled rate of pay plus 10 percent shift differential) }
 divided by 40.

SC1405.AP2.2.4.2.2.2.4. Step 2: Compute the total overtime pay by multiplying the **average rate of basic pay** by the overtime rate by the number of overtime hours worked.

(**average rate of basic pay** x 1.5 x 4).

SC1405.AP2.2.4.2.3. Computing Overtime Pay for NAF Employees Paid on Other than a Time Rate Basis (S8.4.b.(7)). For employees paid from a NAF regular wage schedule or Agency multistep special schedule, computation of overtime payments is based on the employee's grade and step if he or she is on a multistep rate schedule before any reduction in consideration of tips. The amount of the tip offset (no more than 50 percent of the current FLSA minimum hourly rate, or State or local rate, whichever is higher) may then be deducted from the overtime rate, but only where the offset has been authorized for use by the appropriate component level and is not precluded when State or local laws are considered as required by section 18 (a) of the FLSA (reference (b)).

SC1405.AP2.2.4.2.3.1. EXAMPLE: A waiter, who receives tips and has an authorized tip offset of \$.90 per hour, performs 2 hours of overtime work. The employee is regularly scheduled to work from 3 p.m. to 12 midnight, Tuesday through Saturday. On Saturday, the employee worked overtime from 12 midnight to 2 a.m. Overtime is computed as follows:

Table SC1405.AP2.T10. OVERTIME PAY COMPUTATION WITH NIGHT SHIFT DIFFERENTIAL AND TIP OFFSET

| | Compensable Hours | | | | | | | |
|--|-------------------|---|---|---|---|---|----|-------|
| | S | M | T | W | T | F | S | Total |
| Scheduled hours | | | 8 | 8 | 8 | 8 | 8 | 40 |
| Basic rate (scheduled rate plus 7½% shift differential) | | | 8 | 8 | 8 | 8 | 8 | 40 |
| Overtime rate – 1.5 times the basic rate (scheduled rate plus 7½% shift differential) (minus the tip offset) | | | | | | | 2* | 2* |
| * As the employee has a tip offset of \$.90 per hour and earned sufficient tips to cover the amount, this amount is subtracted from the overtime rate before multiplying by the number of hours worked. | | | | | | | | |

SC1405.AP2.2.4.2.4. Computation of Overtime Worked (S8-4.b.(8)) Leave with Pay. The following illustrates the computation of overtime hours when an employee is in a leave-with-pay status.

Note: Applies only to regular full-time and regular part-time employees as defined in this Subchapter.

SC1405.AP2.2.4.2.4.1. EXAMPLE. An employee has a regularly scheduled workweek of 40 hours, Monday through Friday, 8 a.m. to 4:30 p.m. The employee takes annual leave from 8 a.m. to 4:30 p.m. on Tuesday. The employee performed 4 hours of overtime work outside the employee's basic workweek on Saturday. Overtime hours are computed as follows:

Table SC1405.AP2.T11. OVERTIME PAY COMPUTATION WITH PAID LEAVE

| | Compensable Hours | | | | | | | |
|-----------------------|-------------------|---|---|---|---|---|---|-------|
| | S | M | T | W | T | F | S | Total |
| Hours of work | | 8 | | 8 | 8 | 8 | | 32 |
| Approved annual leave | | | 8 | | | | | 8 |
| Overtime hours worked | | | | | | | 4 | 4 |

SC1405.AP2.2.4.3. Night Shift Differential (S8-4.c.). The term majority of hours, as used in subsection S8-4.c. means majority of **whole** hours. (Hours are considered to be periods of 60 minutes.) Accordingly, there must be a minimum of 5 whole hours of a scheduled 8-hour shift that fall during the period covered by a night shift differential for an employee to qualify for such payment for the entire shift.

SC1405.AP2.2.4.3.1. Part-Time and Intermittent Employees (S8-4.c.(5)). These categories of employees are entitled to night shift differentials when the majority of their whole hours are worked during a period in which a night shift differential is payable. The term intermittent includes employees employed in a flexible category of employment

SC1405.AP2.2.4.3.1.1. EXAMPLE I. An employee is regularly scheduled to work a period from 2 p.m. to 8 p.m. Since the majority of whole hours were worked during a period for which the night shift differential of 7½ percent is payable, the employee is entitled to that differential for the entire shift.

SC1405.AP2.2.4.3.1.2. EXAMPLE II. An employee is regularly scheduled to work from 1 p.m. to 5:30 p.m. Because the employee performed 2 hours of work before the night shift period, and only 2½ hours within the night shift period, the employee is not entitled to the shift differential. (To qualify for the differential, the employee must perform 3 whole hours of work during the applicable night shift period.)

SC1405.AP2.2.4.3.2. Split Shifts (S8-4.c.(6)). The following examples illustrate night shift differential entitlements under the "majority of whole hours" concept when an employee's tour of duty (a) overlaps more than one established shift or (b) includes a break of more than 1 hour within a scheduled basic workday.

SC1405.AP2.2.4.3.2.1. EXAMPLE I. An employee works an 8-hour shift from 8 p.m. to 4 a.m. with a 20-minute paid meal period. The employee works 3 hours in the second shift (7½ percent differential) and 5 hours in the third shift (10 percent differential), and will be paid a 10 percent differential for all 8 hours because a majority of whole hours falls within a period for which the 10 percent night shift differential is payable.

SC1405.AP2.2.4.3.2.2. EXAMPLE II. An employee who works 4 hours during the second shift (7½ percent differential) and 4 hours in the third shift (10 percent differential) will be paid a 7½ percent differential for the entire shift since a majority of hours is not worked during the third shift. The 7½ percent differential is paid because a majority of hours is worked during a period in which a night shift differential is payable.

SC1405.AP2.2.4.3.2.3. EXAMPLE III. An employee scheduled to work 3 hours during the third shift, 3 hours during the first shift and 2 hours during the

second shift (i.e., 5 a.m. to 11 a.m. and 3 p.m. to 5 p.m.) is entitled to a 7½ percent night shift differential for all 8 hours because a majority of the regularly scheduled hours of work fall within a period during which a night shift differential is payable. The 10 percent differential is not paid because a majority of the regularly scheduled 8-hour shift does not fall within the period of 11 p.m. to 8 a.m.

SC1405.AP2.2.4.3.2.4. EXAMPLE IV. An employee performs work from 10 a.m. to 12 noon, and from 4 p.m. and 8 p.m. on the same day. Hours worked each day total 6 hours, with the employee performing 4 hours of work during the established night-shift period. This employee is entitled to the 7½ percent night differential for all hours of work performed (i.e., 6 hours).

SC1405.AP2.2.4.3.3. Meal Breaks (S8-4.c.(7)). The following examples illustrate how meal breaks of 1 hour or less are included in the computation of "majority of whole hours."

SC1405.AP2.2.4.3.3.1. EXAMPLE I. An employee works an 8-hour shift from 11:30 a.m. to 8 p.m. The meal break is set from 3:30 p.m. to 4 p.m., and is included in the 5-hour period from 3 p.m. to 8 p.m. The resulting majority of whole hours entitles the employee to a 7½ percent shift differential for all 8 hours.

SC1405.AP2.2.4.3.3.2. EXAMPLE II. If the employee's shift is from 11 a.m. to 7:30 p.m., with a meal break from 3 p.m. to 3:30 p.m., no shift differential is paid, because there is no majority of whole hours between 3 p.m. and midnight (i.e., the employee is credited with only 4½ hours during the second shift).

SC1405.AP2.2.4.3.3.3. EXAMPLE III. An employee who works from 7 p.m. to 3:30 a.m. with a meal break from 11 p.m. to 11:30 p.m. is paid a 7½ percent differential for all 8 hours because a majority of whole hours is worked during a period in which a night shift differential is payable. The 10 percent differential is not paid because, even when the meal period is counted, a majority of the employee's regularly scheduled 8-hour shift does not fall between 11 p.m. and 8 a.m.

SC1405.AP2.2.4.4. Pay for Holidays (S8-4.d.)

SC1405.AP2.2.4.4.1. Pay for Work Performed on a Holiday (S8-4.d.(2)). The following examples are intended to illustrate the pay entitlements authorized by subparagraph S8-4.d.(2).

SC1405.AP2.2.4.4.1.1. EXAMPLE I. An employee's regularly scheduled workweek is 8 a.m. to 4:30 p.m., Monday through Friday. Monday is a

holiday, and the employee is required to work 8 hours on that day. Holiday premium pay is computed as follows:

Table SC1405.AP2.T12. HOLIDAY PREMIUM PAY COMPUTATION

| | Compensable Hours | | | | | | | |
|--|-------------------|----|---|---|---|---|---|-------|
| Regular scheduled workweek | S | M | T | W | T | F | S | Total |
| Basic rate (scheduled rate only) | | 8 | 8 | 8 | 8 | 8 | | 40 |
| Premium pay - equal to the employee's basic rate | | 8* | | | | | | 8 |
| *Holiday | | | | | | | | |

Notes: (1) The employee is paid for all regularly scheduled hours at the basic rate. Premium pay at a rate equal to the basic rate is paid for the number of non-overtime hours worked on the holiday.

(2) If the employee does not work on the holiday, but instead is excused from work, the employee is simply paid the basic rate for the number of regularly scheduled hours normally worked.

(3) If the employee is excused on the holiday, and if a shift differential would otherwise have been earned because of the employee's regular schedule of work, the shift differential is retained in the basic rate for that day.

SC1405.AP2.2.4.4.1.2. EXAMPLE II. A regular, full-time employee's workweek is 11 p.m. to 7:30 a.m., Tuesday through Saturday. Monday is a legal holiday. Tuesday is the employee's "in-lieu-of" holiday. The employee is required to work 8 hours on Monday and Tuesday. Premium pay is computed as follows:

Table SC1405.AP2.T13. HOLIDAY PREMIUM PAY COMPUTATION WITH OVERTIME

| Regularly scheduled workweek | Compensable Hours | | | | | | | Total |
|---|-------------------|----|---|---|---|---|---|-------|
| | S | M | T | W | T | F | S | |
| Basic rate (scheduled rate plus 10% differential) | | | 8 | 8 | 8 | 8 | 8 | 40 |
| Holiday premium pay (scheduled rate plus 10% shift differential) | | | 8 | | | | | 8 |
| Overtime – 1.5 times the basic rate (scheduled rate plus 10% night differential) | | 8* | | | | | | |
| * The employee's regularly scheduled workweek consists of 40 hours, Tuesday through Saturday. Monday becomes the overtime period because it is outside the employee's basic workweek. | | | | | | | | |

SC1405.AP2.2.4.4.1.3. EXAMPLE III. An employee's regularly scheduled workweek is 9 a.m. to 5:30 p.m., Monday through Friday. Monday is a holiday, but the employee is required to perform 10 hours of work. Premium pay is computed as follows:

Table SC1405.AP2.T14. HOLIDAY PREMIUM PAY COMPUTATION WITH OVERTIME

| Regular scheduled workweek | Compensable Hours | | | | | | | Total |
|---|-------------------|----|---|---|---|---|---|-------|
| | S | M* | T | W | T | F | S | |
| Basic rate (scheduled rate only) | | 8 | 8 | 8 | 8 | 8 | | 40 |
| Holiday premium pay (equal to basic rate) | | 8 | | | | | | 8 |
| Overtime – 1.5 times basic rate | | 2 | | | | | | 2 |
| *Holiday | | | | | | | | |

SC1405.AP2.2.4.4.1.4. EXAMPLE IV. A part-time employee, who is entitled to observe a holiday, has a regularly scheduled workweek from 9 a.m. to 4 p.m. (Monday, Wednesday, and Friday); there is no meal period during which the employee is entirely free from work requirements. Monday is a holiday, and the employee is required to work 3 hours on that day. Holiday premium pay is computed as follows:

Table SC1405.AP2.T15. HOLIDAY PREMIUM PAY COMPUTATION FOR A PART-TIME EMPLOYEE

| Regularly scheduled workwork | Compensable Hours | | | | | | | Total |
|---|-------------------|-----|---|---|---|---|---|-------|
| | S | M* | T | W | T | F | S | |
| Scheduled hours | | 7 | | 7 | | 7 | | 21 |
| Basic rate (scheduled rate only) | | 7 | | 7 | | 7 | | 21 |
| Holiday premium pay (equal to basic rate) | | 3** | | | | | | 3 |
| * Holiday ** If the employee had performed 10 hours of work on the holiday, 2 of these hours would be treated as overtime. (See Example III, above.) | | | | | | | | |

SC1405.AP2.2.4.5. Pay for Sunday Work (S8-4.e.)

SC1405.AP2.2.4.5.1. Authorization of Pay for Sunday Work (S8-4.e.(1)). The following illustrates the computation of Sunday premium pay:

SC1405.AP2.2.4.5.1.1. EXAMPLE. An employee who is on a basic workweek of 40 hours per week and whose work schedule for the week includes a workday that begins at 6 p.m. Saturday and ends at 2:30 a.m. Sunday, is entitled to Sunday premium pay for that workday, computed as follows:

SC1405.AP2.2.4.5.1.1.1. 8 hours - basic rate (scheduled rate plus 7½ percent night shift differential).

SC1405.AP2.2.4.5.1.1.2. 8 hours - Sunday premium pay at a rate equal to 25 percent of the basic rate.

SC1405.AP2.2.4.5.2. Two Separate Tours of Duty (S8-4. e.(4)). The following example illustrates the computation of Sunday premium pay when two Sunday tours of duty fall in part on the same Sunday:

SC1405.AP2.2.4.5.2.1. EXAMPLE. An employee on a 40-hour basic workweek works a regularly scheduled night shift from 5 p.m. to 1:30 a.m. (with 1/2 hour meal break); one shift begins at 5 p.m. on Saturday and ends 1:30 a.m. on Sunday, and the next begins 5 p.m. on Sunday and ends 1:30 on Monday. The employee is entitled to Sunday premium pay for both tours (total 16 hours), computed as follows:

SC1405.AP2.2.4.5.2.1.1. 16 hours - basic rate (scheduled rate plus 7½ percent night shift differential).

SC1405.AP2.2.4.5.2.1.2. 16 hours - Sunday premium pay at a rate equal to 25 percent of the basic rate.

SC1405.AP2.2.5. Within-Grade Increases - Waiting Period (S8-5.b.)

SC1405.AP2.2.5.1. Table SC1405.AP2.16., below, shows waiting periods for Regular and Flexible employees with a regularly scheduled tour of duty.

Table SC1405.AP2.T16. WAITING PERIOD FOR WITHIN GRADE INCREASES (for regularly scheduled employees)

| Employee advances to step rate number... | At the end of a waiting period of creditable service in the previous step, of... | Provided the number of workweeks in a nonpay status during the waiting period does not exceed...* |
|---|--|---|
| 2 | 26 calendar weeks | 1 workweek |
| 3 | 78 " " | 3 workweeks |
| 4 | 104 " " | 4 " |
| 5 | 104 " " | 4 " |
| * LWOP in excess of these amounts must be made up with creditable service before the within-grade increase is effected. | | |

SC1405.AP2.2.5.2. Table SC1405.AP2.17., below, shows waiting periods for Flexible employees without a regularly scheduled tour of duty.

Table SC1405.AP2.T17. WAITING PERIOD FOR WITHING GRADE INCREASES (for non-regularly scheduled employees)

| Employees advances to step rate number... | When the employee has worked...* | over a period of no fewer than... |
|--|----------------------------------|-----------------------------------|
| 2 | 130 workdays in a pay status | 26 calendar weeks |
| 3 | 390 " " | 78 " " |
| 4 | 520 " " | 104 " " |
| 5 | 520 " " | 104 " " |
| * Any day on which part-time service is performed constitutes a full workday of credit. (Only the days on which service is performed are counted for employees without a prearranged, regularly scheduled tour of duty.) | | |

SC1405.AP2.2.6. Procedures for Requesting Increased Minimum Rates (Hourly Paid Employees)

SC1405.AP2.2.6.1. Coordination: Component requests are submitted to WSD who shall coordinate such requests with the Military Departments and AAFES.

SC1405.AP2.2.6.2. Increased Minimum Rates: WSD may authorize increased minimum rates in accordance with S5-13 of the OPM Operating Manual, "Federal Wage System, Nonappropriated Fund" (reference (a)) when demonstrated recruitment and retention problems exist for an hourly paid occupation in a wage area. Authorization of increased minimum rates permits a NAFI to pay at a higher step rate of the wage schedule at the location concerned. Requests shall contain the title of the occupation, series, and grade; the recommended minimum step of the grade to use as the increased minimum rate; the area or location for which the rates are recommended; and any additional information supporting the need for increased minimum rates.

SC1405.AP2.2.6.3. Special Rates: Special rates may be authorized when increased minimum rates are not sufficient to respond to existing or likely significant staffing problems for an hourly paid occupation. When a Component can demonstrate that special rates are required for the recruitment or retention of qualified personnel, the request shall be forwarded to WSD in accordance with Subchapter S12 of the OPM Operating Manual (reference (a)). OPM approval is required to apply special rates to CT employees.